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UNITED NATIONS COUNCIL FOR NAMIBIA

REPORT ON CONTACTS BETWEEN MEMBER STATES AND SOUTH AFRICA
SINCE THE ADOPTION OF GENERAL ASSEMBLY RESOLUTION 43/26 A
OF 17 NOVEMBER 1988

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I. GENERAL

1. On 14 September 1981, at its eighth emergency special session on the question of Namibia, the General Assembly adopted resolution ES-8/2, by which, inter alia, it strongly urged States to cease forthwith, individually and collectively, all dealings with South Africa in order totally to isolate it politically, economically, militarily and culturally; and requested the United Nations Council for Namibia to monitor the boycott of South Africa and to bring instances of contacts between Member States and South Africa to the attention of the General Assembly as necessary.
2. By its resolution 36/121 B of 10 December 1981, the General Assembly requested all States, in furtherance of the objective of bringing to an end South Africa's illegal occupation of Namibia, to take legislative, administrative and other measures, as appropriate, in order effectively to isolate South Africa in accordance with its resolution ES-8/2. In subsequent resolutions, including resolution 43/26 A of 17 November 1988, the Assembly again appealed to all States to take appropriate measures in order to isolate South Africa completely.
3. By paragraph 64 of its resolution 43/26 A, the General Assembly once again requested the United Nations Council for Namibia to continue to monitor the boycott of South Africa and to submit to its forty-fourth session a comprehensive report on all contacts between Member States and South Africa, containing an analysis of the information received from Member States and other sources on the continuing political, economic, financial and other relations of States and their economic and other interest groups with South Africa and of measures taken by States to terminate all dealings with the racist régime of South Africa. The present report has been prepared in pursuance of that request and updates the information contained in the Council's previous report (A/AC.131/297).

II. REPLIES RECEIVED FROM MEMBER STATES ON COMPLIANCE WITH THE RELEVANT PROVISIONS OF GENERAL ASSEMBLY RESOLUTION 43/26 A

4. By paragraph 65 of its resolution 43/26 A of 17 November 1988, the General Assembly requested all States to co-operate fully with the United Nations Council for Namibia in the fulfilment of its task concerning the implementation of Assembly resolutions ES-8/2, 36/121 B and 37/233 A and to report to the Secretary-General on the measures taken by them in the implementation of those resolutions.
5. By a note verbale dated 6 January 1989, the Secretary-General transmitted the texts of resolutions 43/26 A to E to all States and invited them to submit information on action taken or envisaged in the implementation of the relevant provisions of those resolutions for inclusion in his report.
6. The States that replied to the note were: Bangladesh, Brazil, Byelorussian Soviet Socialist Republic, China, German Democratic Republic, Jordan, Mexico, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics. Their replies are published in a report of the Secretary-General on the question of Namibia.

7. All of the States that replied supported the struggle of the Namibian people for self-determination and national independence. Some of them declared that they did not maintain any relations with the racist régime. Others expressed support for the tripartite talks held during 1988 to resolve the conflicts in southwestern Africa.

8. General Assembly resolution 43/26 A was adopted by 130 votes to none, with the following 23 countries abstaining: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Federal Republic of, Greece, Iceland, Ireland, Israel, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, United Kingdom of Great Britain and Northern Ireland and United States of America.

9. A number of States that continue to maintain political and consular relations with the racist South African régime (see table 1) and continue to be South Africa's major trading partners (see tables 3, 5, 6 and 7) are among those that abstained from voting on the above-mentioned resolution. The majority of States have maintained a long-standing policy of avoiding contact with the Pretoria régime by severing economic, political and cultural ties.

Table 1. States maintaining diplomatic and consular relations with South Africa in 1987-1988

	Missions of country in South Africa		Missions of South Africa in country	
	Diplomatic missions	Consular and/or honorary missions	Diplomatic missions	Consular and/or honorary missions
Argentina		x		x
Australia	x	x	x	x
Austria	x	x	x	x
Belgium	x	x	x	x
Bolivia			x	
Brazil	x	x	x	x
Canada	x	x	x	x
Chile	x	x	x	x
Comoros		tr*		
Denmark		x		x
Finland		x	x	
France <u>a/</u>	x	x	x	x
Germany, Federal Republic of	x	x	x	x
Greece	x	x	x	x
Guatemala		x		x
Hong Kong				x
Iceland		x		x
Iran (Islamic Republic of) <u>b/</u>				
Ireland		x		tr
Israel	x	x	x	x
Italy	x	x	x	x
Japan		x		x
Lebanon <u>c/</u>				
Liechtenstein <u>d/</u>				
Luxembourg <u>e/</u>		x	x	x
Malawi	x	x	x	x
Mauritius				tr
Monaco		x		x
Mozambique		tr		tr
Netherlands	x	x	x	x
Norway		x		x
Papua New Guinea <u>f/</u>				
Paraguay	x	x	x	x
Peru <u>g/</u>				
Portugal <u>h/</u>	x	x	x	x
Spain	x	x	x	x
Suriname <u>i/</u>				
Swaziland		tr		tr

Table 1 (continued)

	Missions of country in South Africa		Missions of South Africa in country	
	Diplomatic missions	Consular and/or honorary missions	Diplomatic missions	Consular and/or honorary missions
Sweden	x	x	x	x
Switzerland	x	x	x	x
Thailand		x		
Taiwan, Province of China	x	x	x	x
United Kingdom j/	x	x	x	x
United States of America	x	x	x	x
Uruguay	x	x	x	x
Zimbabwe		tr		tr

Source: Adapted from Who's Who of Southern Africa, 1987-88 (Johannesburg, Argus Printing and Publishing Company, Ltd.).

* tr: trade representative.

a/ The Government of France has an honorary consular agent at Walvis Bay under the control of the Cape Town Consulate.

b/ Interests are taken care of by Switzerland.

c/ Interests are taken care of by France.

d/ Interests in South Africa and Namibia are taken care of by Switzerland.

e/ The Netherlands diplomatic representatives in South Africa are charged with the furthering of the diplomatic interests of Luxembourg, and the Belgian diplomatic and consular representatives take care of Luxembourg's consular, economic and trade interests, except for the provinces of Transvaal, Natal and the Cape, where Luxembourg has its own consul.

f/ Interests are taken care of by Australia.

g/ Interests are taken care of by Brazil.

h/ The Government of Portugal has a consul in Windhoek.

i/ Interests are taken care of by the Netherlands.

j/ The United Kingdom takes care of interests of Commonwealth countries not represented in South Africa, except Papua New Guinea.

III. CONTACTS BETWEEN MEMBER STATES AND SOUTH AFRICA SINCE
THE ADOPTION OF GENERAL ASSEMBLY RESOLUTION 43/26 A

A. Political, diplomatic, consular and other contacts

10. During the period under review, some Member States and non-member States, as well as members of the United Nations Council for Namibia, continued to maintain diplomatic relations with South Africa and took no action to terminate such relations despite numerous and repeated calls contained in United Nations resolutions requesting them to do so (see table 1).

11. Apart from its 25 diplomatic missions, the South African régime maintains approximately 78 consulates in foreign countries. These countries, mainly Western and Latin American, are represented in South Africa by 22 diplomatic missions and approximately 86 consulates. 1/ In the case of Portugal, one of its consulates is established at Windhoek.

12. The racist régime is also represented in the International Atomic Energy Agency (IAEA), the International Monetary Fund (IMF) and the World Bank Group. On 12 June 1987, the Board of Governors of IAEA recommended the suspension of the privileges and rights of South Africa as a member of IAEA until it complied with the relevant resolutions of the General Conference of that organization and conducted itself in accordance with the purposes and principles of the Charter of the United Nations. 2/

13. It will be recalled that on 21 September 1987 the President of South Africa announced that the régime was prepared to commence negotiations with each of the nuclear-weapon States on the possibility of "signing" the Treaty on the Non-Proliferation of Nuclear weapons (NPT) and would consider including in those negotiations safeguards of its installations subject to NPT conditions. In August 1988, at the request of South Africa, representatives of the Union of Soviet Socialist Republics, the United Kingdom and the United States met jointly with a South African delegation in Vienna to discuss South Africa's "consideration of acceding to the Treaty". 3/ By its resolution GC(XXXII)/RES/503 of 23 September 1988, the General Conference of IAEA at its thirty-second session deferred consideration of South Africa's suspension from IAEA to its thirty-third regular session, to be held in September 1989.

14. Other than attending meetings in regard to a political settlement of the problems of southwestern Africa, under the auspices of the United States, representatives of the Pretoria régime were diplomatically almost completely isolated, with no official visits exchanged even with some of its close allies and trading partners. However, in October 1988, Mr. Pieter W. Botha, President of South Africa, attended the funeral of Bavarian President Franz Joseph Strauss in the Federal Republic of Germany. On his way back, Mr. Botha addressed Swiss bankers in Switzerland 4/ (see para 65).

15. Despite United Nations resolutions which strongly condemn the establishment of bantustans ("homelands") by the racist régime of South Africa and call upon all Governments to deny any form of recognition to, and refrain from having any

dealings with, the bantustans, some States continue to have contacts with them. Israel and Taiwan, Province of China, in particular have contacts with Bophuthatswana, Transkei and Ciskei.

B. Economic contacts

16. In recent years, several of South Africa's traditional trading partners have implemented a number of economic sanctions and restrictive measures which vary in scope and degree of applicability. These measures have been adopted in the form of national legislation and multilateral or regional measures adopted by a group of States. Among them are measures adopted by the Nordic countries and the European Community as well as by member countries of the Commonwealth and by a large number of public organizations and transnational corporations that have pursued a policy of divestment of their assets from South Africa and Namibia.

17. A curtailment of economic contacts affects three broad areas of the South African economy: international trade, direct investment and foreign financing in the form of loans and trade credits. The implementation of sanctions has had a negative impact on the South African economy, particularly in its impact on business confidence in investing in the country, which has resulted in inadequate economic growth registered by the economy, making it imperative to generate large trade surpluses to repay debts on loans and credits. ^{5/} Presenting the régime's budget to the South African Parliament in Cape Town on 16 March 1988, the South African Finance Minister, Mr. Barend Du Plessis, stated that "our economy is hamstrung by a host of politically motivated and internationally orchestrated restrictions that distort the optimal allocation of resources". He further stated that sanctions "serve a purpose in so far as they force us to put everything into using our own resources". ^{6/}

Trade

18. The South African economy is highly dependent on trade, which accounts for 60 per cent of its gross domestic product (GDP) as compared to between 20-40 per cent for countries of the Organisation for Economic Co-operation and Development (OECD). ^{7/} The South African economy is highly dependent on foreign investment and foreign finance, which have filled the gap between domestic savings and the demand for investments. The pressure on the South African economy is to increase its high export orientation and dependence on the export of minerals, particularly on gold. As can be seen from table 2, approximately 70 per cent of South Africa's exports are minerals, the export of gold alone accounting for over 40 per cent of its total exports, ^{8/} and coal, iron and steel, diamonds and agricultural products exported to a few countries, namely, Japan, the United States, the Federal Republic of Germany and the United Kingdom, accounting for almost 50 per cent of its exports.

Table 2. South Africa's trade in main commodities
(Millions of rand)*

Imports	1986	1987	Exports	1986	1987
Machinery	7 304	7 840	Gold	16 719	17 792
Vehicles, aircraft, etc.	2 958	3 821	Mineral products	4 957	3 869
Chemicals	3 042	3 148	Base metals	4 763	4 696
Base metals	1 268	1 407	Food, drink and tobacco	2 558	2 613
Textiles	907	1 198	Textiles	986	943
Scientific instruments	1 166	1 421	Chemicals	1 184	1 150
Artificial resins and plastics	1 137	1 312	Diamonds	998	..
Vegetable products	646	548			
			TOTAL	42 161	42 717
TOTAL	26 851	28 736			

Source: Country Profile: South Africa (London, The Economist Intelligence Unit, 1988-1989), p. 43.

* Approximate value of the South African rand: \$US 1 = R 2.15.

19. Despite repeated calls at the international level and the enactment of sanctions and restrictive measures at the regional and national levels, South Africa continued to profit from close economic ties with a number of countries which refuse to apply sanctions against the Pretoria régime. Moreover, owing to restrictive measures adopted by certain Western countries, most notably the Nordic countries and the United States, there was a remarkable switch among South Africa's chief trading partners as some eagerly stepped in to profit from the vacuum created. For example, during 1987 Japan replaced the United States as South Africa's largest trading partner, only to be superseded during 1988 by the Federal Republic of Germany. 9/

20. Gold remained South Africa's major export commodity, followed by coal, platinum, fruit, vegetables, iron and steel. South African exports continued to be mainly raw materials and agricultural products. Only a small part of South African exports consists of manufactured goods. 9/

21. Six OECD countries accounted for 80 per cent of South African exports. 9/ The United Kingdom is the largest importer of South African fruit, and Japan of South African coal and maize. Although the import of South African iron, steel and coal has fallen owing to the impact of sanctions, the reduction has been offset by increasing imports of fruit and especially coal, by Spain, Hong Kong, the Republic of Korea, Belgium, Taiwan, Province of China, the Netherlands, Portugal, Greece and Switzerland. 9/

Table 3. South Africa's main trade partners - 1987
(January-July)

Country	Total trade (Billions of US dollars)
Japan	2.23
Germany, Federal Republic of	1.98
United Kingdom	1.40
United States	1.39
Italy	1.19
France	0.54
Canada	0.09

Source: The Windhoek Advertiser, 20 January 1989.

22. Between 1985 and 1987, nine countries reduced their imports from South Africa by approximately \$US 1,200 million as a result of sanctions adopted and applied at the national and regional levels (see table 4). 10/

Table 4. Reduction in trade of sanctions-imposing countries
(In millions of United States dollars)

Country	Imports		Reduction in imports
	1985	1987	1985-1987
United States	2 180	1 320	860
France	644	581	63
Denmark	160	6	154
Canada	155	106	49
Sweden	48	20	28
Norway	33	9	24
Ireland	22	9	13
Finland	18	1	17
New Zealand	<u>13</u>	<u>10</u>	<u>3</u>
TOTAL	<u>3 389</u>	<u>2 179</u>	<u>1 210</u>

Source: Commonwealth News Release: "Statistics on trade with South Africa compiled by the Commonwealth Experts Group", 5 August 1988, p. 19.

23. Five countries - Japan, the Federal Republic of Germany, Italy, Spain and Turkey - as well as Taiwan, Province of China, increased the United States dollar value of their trade with South Africa significantly. ^{10/} Measured in terms of percentage increases in volume of trade with South Africa, Switzerland, Argentina, Turkey, Brazil and Taiwan, Province of China, doubled imports from South Africa during 1987, as compared to 1985. Japan increased its imports of South African goods by 44 per cent over the average of 1983-1985, whereas the United States decreased its purchases of South African imports by 42 per cent over the same period. ^{11/}

Table 5. Biggest value changes in trade with South Africa

1987 compared to 1983-1985 average
(Millions of United States dollars)
Changes of more than \$100 million

<u>Imports from South Africa</u>		<u>Exports to South Africa</u>	
Country	Value change	Country	Value change
<u>Increases</u>	\$	<u>Increases</u>	\$
Japan	748	Germany, Federal	
Taiwan, Province		Republic of	552
of China	303	Japan	214
Germany, Federal		Taiwan, Province	
Republic of	289	of China	214
Switzerland*	182		
Italy	163		
Spain	145		
Turkey	116		
<u>Decreases</u>		<u>Decreases</u>	
United Kingdom*	-109	United States	-604
Denmark	-135		
United States	-965		

Source: Adapted from the Commonwealth news release, "Statistics on trade with South Africa compiled by the Commonwealth Experts Group", 5 August 1988, p. 3.

Table 6. Biggest percentage changes in trade with South Africa

1987 compared to 1983-1985 average
Changes of more than 40 per cent (by value)

<u>Imports from South Africa</u>		<u>Exports to South Africa</u>	
Country	Percentage change	Country	Percentage change
<u>Increases</u>		<u>Increases</u>	
Switzerland*	218	Turkey	161
Argentina	203	Taiwan, Province	
Taiwan, Province		of China	99
of China	146	Ireland	61
Turkey	132		
Brazil	119		
Portugal	91		
Mauritius	86		
Spain	84		
Chile	75		
Greece	48		
Japan	44		
<u>Decreases</u>		<u>Decreases</u>	
New Zealand	-42	Greece	-44
United States	-42	Denmark	-78
Ireland	-50	Norway	-91
Sweden	-60	Finland	-98
Norway	-75		
Denmark	-96		
Finland	-97		

Source: See table 5 above.

*Note: Data for the United Kingdom and Switzerland are misleading because of shifts in the diamond trade. Excluding diamonds, United Kingdom trade decreased only \$49 million, and Switzerland rose only \$60 million (61 per cent).

24. As in the case of its export trade, the South African economy remains highly dependent on the import of a number of products, namely, electrical and engineering equipment, computer products, machinery, transport equipment, chemicals, oil and arms, which it has obtained from a few countries.

25. The main countries exporting to South Africa continue to be the Federal Republic of Germany, Japan, the United Kingdom and the United States, accounting for two thirds of all sales to South Africa. The Federal Republic of Germany and

Japan increased their exports to South Africa between 1983-1985 and 1987. Taiwan, Province of China, Hong Kong, Ireland and Singapore have also increased their export trade with South Africa. 12/

26. The trade data available are limited because South Africa stopped publishing separate statistics on its trade with individual countries, and its trade partners either do not report or underreport contacts and trade data.

Table 7. Exports to South Africa, by country, 1986-1987

Country	1986 (Millions of United States dollars)	1987	1986 Percentage change from 1983-1985	1987 Percentage change from 1983-1985	1987 Percentage change from 1986
Germany, Federal					
Republic of	1 940	2 545	-3	+28	+31
Japan	1 357	1 882	-17	+23	+39
United Kingdom	1 250	1 556	-19	+1	25
United States	1 144	1 253	-18	-33	10
France	404	466	-13	0	13
Italy	352	455	-20	3	30
Taiwan, Province of China	222	430	+3	99	94
Netherlands	254	288	6	20	13
Switzerland	243	272	9	22	12
Belgium-Luxembourg	210	272	-3	26	30
Singapore	144	213			
Republic of Korea	100 est.		-11		
Hong Kong	75	123	-25	24	64
Sweden	112	113	-24	-23	1
Spain	85	98	-15	-2	15
Canada	137	88	2	-35	-35
Austria	76	75	8	7	-1
Israel	65		-23		
Brazil	60		-46		
Ireland	41	61	7	61	49
Australia	53	58	-35	-30	+9
Argentina	49		-61		

Source: Adapted from the Commonwealth news release, "Statistics on trade with South Africa compiled by the Commonwealth Experts Group, 5 August 1988, p. 18.

Transnational corporations

27. Most of the trade, investments, loans, transfers of technology and expertise are channelled to South Africa through transnational corporations based in a few Western countries. However, as in the area of trade, corporations based in other countries are fast replacing its traditional trading partners.

Table 8. Stocks and flows of foreign direct investment in South Africa, reported by major home country, 1981-1987

(In millions)

	<u>United Kingdom</u>		<u>United States</u>	<u>Federal Republic of Germany</u>		<u>Canada</u>
	Stock	Flows a/ (pounds)	Stock (US dollars)	Stock	Flows (deutsche mark)	Stock (\$Can)
1981	1 786.7	291.6	2 619	1 861	56.4	239
1982	-	194.4	2 281	2 095	64.7	221
1983	-	296.0	1 987	2 484	259.6	213
1984	2 725.0	120.3	1 440	2 035	171.2	145
1985	-	199.0	1 394	1 182	137.9	116
1986	-	86.0	1 567	1 248	231.5	-
1987	-	-	1 590	-	-	-

Source: United States Department of Commerce, Survey of Current Business, August 1988; United Kingdom, British Business, 11 March 1988; Business Statistics Office, Business Monitor, Ma4, Census of Overseas Assets, various issues (Her Majesty's Stationery Office); Federal Republic of Germany, Runderlass Aussenwirtschaft (Ministry of Economics), various issues, and monthly report of the Deutsche Bundesbank, various issues; Statistics Canada, Canada's International Investment Position, 1981-1985, and information supplied by Statistics Canada; and United Nations Commission on Transnational Corporations, report of the Secretary-General of 14 February 1989 (E/C.10/1989/8), p. 9.

a/ Excluding oil for the period 1973-1983.

28. In response to pressure from the international campaign against the policies of the apartheid régime and national public pressure, a large and significant number of corporations have "divested" their assets and holdings in South Africa in recent years. By the end of 1987, almost 40 per cent of foreign economic interests operating in South Africa and Namibia had divested their holdings. 13/

29. However, during 1988, the pace of disinvestment of transnational corporations in South Africa slackened, with most of the disinvesting corporations continuing to maintain licensing and non-equity agreements with South African corporations, which include the supply of essential products, equipment and technology as well as technology licensing, and distribution and franchise agreements. It has become clearly evident that actions by transnational corporations to replace equity with non-equity links with South African companies have seriously undermined the effectiveness of economic measures adopted during the past four years.

30. According to the Investor Responsibility Research Centre (IRRC), Washington, D.C., out of 115 cases of disinvestment by United States companies since January 1986, 36 per cent sold to South African companies; 23 per cent sold to South African management or employees; 17 per cent sold to other foreign companies; 11 per cent closed down; 6 per cent sold or donated their assets to some form of trust; 0.8 per cent (1 company) moved to a neighbouring country; and 0.8 per cent (1 company) gave its assets to a South African church. A further 4 per cent of cases disposed of assets in ways the IRRC could not discover. ^{14/} The continuation of collaboration through these non-equity links reduces the costs of disinvestment imposed on the South African economy because of the maintenance of transfer of technology and management linkages, with the transnational companies continuing to make a profit from these licensing arrangements.

Table 9. Cumulative disinvestment from South Africa
by home country, mid-1988
(Number of firms)

Country	Disinvested	Retaining non-equity links	Retaining no links	Unknown whether non-equity links retained
Australia	9 <u>a/</u>	3		6
Belgium	5	3		2
Canada	13 <u>a/</u>	3	7	3
Denmark	2			2
Finland	1			1
France	11 <u>a/</u>	4	1	6
Germany, Federal Republic of	17 <u>b/</u>	10	1	6
Ireland	2		1	1
Italy	2	1		1
Netherlands	5	2	1	2
Norway	1			1
Sweden	3			3
Switzerland	4	2		2
United Kingdom	55 <u>c/</u>	10	11	34
United States (since January 1987)	77 <u>d/</u>	47	20	10
Total	<u>207</u>	<u>85</u>	<u>42</u>	<u>80</u>

Source: Investor Responsibility Research Center (IRRC), International Business in South Africa 1988 (Washington, D.C., 1988), pp. 191-202, 249-251; IRRC, South Africa Review Service, U.S. and Canadian Business in South Africa and International Directory Updates (1988); and United Nations Commission on Transnational Corporations, report of the Secretary-General of 14 February 1989 (E/C.10/1989/8), p. 11.

a/ Excluding one dormant subsidiary.

b/ Excluding five dormant subsidiaries.

c/ Excluding 10 dormant subsidiaries.

d/ Excluding two dormant subsidiaries and two companies that had earlier reported their disinvestment but are again listed as having direct investment in South Africa.

International finance

31. The refusal by foreign banks and other financial institutions to grant new loans and trade credits and to "roll over" existing loans has come to be seen as a major area where pressure could be applied on the régime. As in the case of divestment and foreign trade, the impact of such measures on the South African economy depends on concerted action, or else the vacuum could be filled by other banks or financial institutions.

32. The Governor of the South African Reserve Bank has admitted that sanctions caused a net outflow of R 25 billion (\$10.39 billion) from South Africa over the past four and a half years, with half of the sum paying for debts that had become due. He also stated that the burden of debt repayment had slowed South Africa's growth rate and caused a drop in living standards. 15/

33. During 1985-1986, South Africa registered a massive short-term capital outflow due to its debt crisis. The Government has been compelled to run a large trade surplus in order to repay debts. The total outflow of capital not related to reserves reached R 2.1 billion in the second quarter of 1988, after averaging R 700 million in the previous five quarters. 16/ In order to manage its balance-of-payments situation, it has been imperative for the Government to generate enough of a trade surplus to repay debts and to seek a renewal on existing debt scheduling.

34. It is estimated that during 1987 South Africa registered a trade surplus of R 6.4 billion, which enabled it to increase its foreign reserves and service its debt payments. The budget deficit of R 9.86 billion was to be partly met through the conversion of "new foreign loans" into long-term loans. The ability to finance a huge deficit partly with foreign assistance, both in the form of new loans and by foreign banks allowing it to roll over existing loans, was crucial to the Government and helped it in part to boost military spending by 33 per cent in 1987-1988 and by a further 22 per cent during 1988-1989. 17/

35. Banks in Switzerland and the Federal Republic of Germany are reported to have provided new loans and credits of \$400 million to South Africa for the purchase and stockpiling of oil. The South African Reserve Bank reported a net inflow to public corporations of \$340 million for the first half of 1987, with United Kingdom banks supplying \$170 million. 18/

36. All major trading partners except the United States continue to grant export credits to South Africa. The United States has cut off government guarantees and lending to companies trading with South Africa, although trade credits by the private sector continue to be permitted. During 1987, the Kreditanstalt für Wiederaufbau (Federal Republic of Germany) granted a loan of DM 32.8 million to the South African Post and Telecommunication Administration, and the Dresdner Bank and Commerzbank provided a floating bond of DM 120 million (\$126 million) to ESCOM (Electricity Supply Commission). 19/

37. Swiss banks provided gold loans amounting to \$600 million to South Africa during 1988 which enabled it to use its gold reserves as collateral to produce much needed foreign exchange. Banks of Taiwan, Province of China, have financed joint ventures in garment factories set up in several bantustans. 20/

Japan

38. Japan's trade with South Africa grew from \$3.6 billion in 1986 to \$4.3 billion by the end of 1987, making it South Africa's leading trade partner. In 1986, Japan and the United States were the leading trade partners. During 1987, as a result of sanctions legislation adopted, United States trade dropped and Japanese corporations moved in to fill the vacuum. 21/ The dollar value of Japanese exports to South Africa during 1987 went up by 29 per cent. 22/

39. During 1988, Japanese imports of South African products increased by 44 per cent. 23/ Trade with South Africa accounts for only 1 per cent of Japan's world trade but for half of its trade with Africa. 24/

Table 10. Japan-South Africa trade
Total imports and exports

	1984	1985	1986	1987
In billions of United States dollars	3.45	2.86	3.59	4.27
In billions of yen	816	687	607	620
Average exchange rate (yen/dollar)	237	238	168	144

Source: Japan Tariff Association; Financial Times (London), 26 January 1988.

40. Japan's main imports from South Africa consist of coal, gold, platinum, manganese, ferrous alloys and grain. 24/ During 1987, Japan imported over \$500 million worth of South African coal and \$3 billion worth of gold. 25/ It also imported 53 per cent of its platinum from South Africa. 26/

41. During 1988, Japan's Agency of National Resources and Energy, comprising four companies and affiliated with the Ministry of International Trade and Industry, announced that Japanese companies would not renew contracts importing South African uranium from Nafco and Rio Tinto Zinc (RTZ). These contracts are expected to expire between 1988 and 1995. At present, South Africa is Japan's third largest supplier (after the United Kingdom and Canada) of uranium, providing 11 per cent of Japan's uranium needs. 27/

42. Japan's main exports to South Africa consist of machinery, electrical and electronic equipment, iron and steel. 28/ Although direct investment in South Africa has been banned by the Government, trade takes place through a web of marketing companies. About 150 entities are reported to service the trade, which is financed through third countries. 29/

43. Although direct investment is prohibited, Toyota South Africa Manufacturing at Prospecton near Durban is operating as a subsidiary. 30/ Japan's auto makers have a share of about 60 per cent of the South African motor vehicle market. During 1987, Toyota shipped 19,300 finished cars and commercial vehicles, as well as spare parts to be assembled for a further 71,800 vehicles. The trade in motor vehicles is reported to have risen by 42 per cent since 1986. 30/

44. Although Japan has banned the sale of computers that could serve a military or police function, Japanese Hitachi computers are sold through third parties, including firms of the Federal Republic of Germany. 31/ Hitachi supplies central processing units, magnetic disk devices and other computer components to Comparex, a Siemens and BASF subsidiary. Comparex assembles the parts and sells the computers under its own brand name in South Africa. 32/ Pioneer Electric, a big audio company, and NEC, a leading electronics concern, had declared their intention to discontinue sales in South Africa. However, actual trade continued through offshore production facilities in South-East Asia. 33/ During the first six months of 1988, Japanese exports to South Africa jumped by 45 per cent to \$1.14 billion, whereas bilateral trade increased by 13.3 per cent to \$2.2 billion. 34/

Federal Republic of Germany

45. Although the Federal Republic of Germany is party to the measures adopted by the European Community in September 1986 prohibiting new investment and the importation of steel, agricultural products and kruggerand gold coins from South Africa (implementation being left to each country), trade between the two countries continued to grow, with the Federal Republic replacing Japan as the main trading partner during 1988. 35/

46. According to figures provided by the Embassy of the Federal Republic of Germany in South Africa, trade grew by 35.8 per cent to \$3.15 billion between January and August 1988, as compared with \$2.12 billion during the same period in 1987. South African exports to the Federal Republic grew by 30.2 per cent to a sum of \$1.06 billion, and imports from the Federal Republic to South Africa increased by 38.8 per cent to \$2.08 billion. 35/

47. Economic relations continue to be promoted by joint chambers of commerce between the two countries, and significant new investment continued to be reported by major companies such as Daimler-Benz, BMW and Siemens. 35/ According to the Siemens Corporation, it has increased its assets by 100 per cent in South Africa from DM 15 million to DM 30 million, completed construction of a new office and is planning the installation of a new plant. Siemens is registered as a capital holding company in Switzerland. 36/ The Kreditanstalt für Wiederaufbau, a State-owned bank of the Federal Republic of Germany, granted DM 32 million in a loan to Siemens for investment in a communications system in South Africa. Three

other loans were granted to ESCOM, the South African energy trust. The ministers of finance and economy of the Federal Republic are reported to be on the board of directors of the Kreditanstalt für Wiederaufbau. 37/

48. The South African subsidiary of Volkswagen announced the setting up of a machine tool plant for its South African production lines. The sum of R 40 million (\$17.9 million) was to be spent from retained earnings and local borrowings and not from new inflow of funds from the parent corporation. At present, the South African subsidiary relies on Japan and Europe for 70 per cent of its machine tools and parts. Volkswagen is second to Toyota in car sales in South Africa, with 23 per cent of the car market. 38/

United States

49. Since the adoption of the Comprehensive Anti-Apartheid Act of September 1986, trade between the United States and South Africa has dropped significantly. During the first nine months of 1987, overall trade between the two countries declined by 40 per cent to \$1.92 billion (R 4.13 billion) from \$2.68 billion (R 5.67 billion) during the comparable period of 1986. South African exports dropped from \$1.82 billion (R 3.91 billion) to \$1.01 billion (R 2.17 billion). South African uranium, which accounted for 6 per cent of total exports, dwindled to zero between January and September 1987. 39/

50. Direct United States investment in South Africa declined to \$1.6 billion by the end of 1987 as compared to \$2.6 billion in 1984. Indirect United States investments, consisting primarily of holdings in South African gold mining companies, amounted to between \$2.5 billion and \$3 billion in 1986. Despite the withdrawal from South Africa of almost half of the United States-based transnational corporations since 1984, the value of direct United States investment in South Africa has increased by 4 per cent owing to significant reinvestment of earnings and profits. During 1987, United States corporations reinvested \$94 million of their profits in South Africa. 40/

51. Since 1983, 160 or about half of United States businesses sold their assets in South Africa. 41/ These include IBM, General Motors, the Coca-Cola Co. and Eastman Kodak. 42/ However, nearly all plants continue to operate, many with franchise and licensing agreements that enable them to sell the same products. The unintended result was that South African companies bought the assets at windfall prices.

52. For example, Xerox copiers are available through Xentech Ltd., a division of Fintech Ltd., owned by Altron Ltd., a large South African electronics corporation. IBM products are sold by TSI Ltd., a subsidiary of Barlow Rand Ltd. IBM sales in South Africa amount to one half of 1 per cent of South Africa's gross national product (GNP). IBM continues to sell products and services to the South African-owned subsidiary and tries to ensure that its products are not used for military and police purposes. IBM is the fourth largest company in the United States. General Motors has become the Delta Motor Co. and Citicorp is First Corp Ltd. 43/ Other corporations with licensing, franchising or distribution agreements are: Amdahl Corp., Coca-Cola Co., Ford Motor Co., Honeywell Inc., Kennametal Inc., Measurex Corp., Motorola Inc. and Quantel Corp.

53. Approximately 200 United States companies retain direct investment in South Africa. The major corporations are Mobil Oil Corporation (\$400 million assets); Caltex (Chevron Co. and Texaco Inc.) (\$334 million assets); Goodyear Tire and Rubber Co., USG Corp. (\$11.4 million assets); Colgate-Palmolive Co. (\$75.5 million assets); and Johnson & Johnson Co. (\$490 million sales). 44/

54. United States exports to South Africa amounted to \$1.25 billion in 1987, consisting of computer and office machinery (\$124 million), chemicals (\$97.1 million), aircraft (\$108.7 million), electronic equipment (\$67.7 million) and industrial machinery (\$185 million). South African exports to the United States amounted to \$1.35 billion (1987), consisting mainly of strategic minerals which are exempted from United States sanctions legislation. 44/

55. Buyers are reported to have overbought and stockpiled material, in the expectation sanctions would be adopted. For example, United States users of South African hard metals nearly doubled intakes, well beyond any increase in actual use. 45/ More than half of United States trade orders, \$727.8 million worth, came from South African platinum group metals whose levels have remained unchanged since 1986, followed by ferrochrome (5.3 per cent of imports) which doubled over 1986, ferromanganese, chromes, wood pulp and nickel. 45/

56. An important component of United States-South Africa trade not affected by legislation is that of trade in strategic minerals: platinum, rhodium, palladium, manganese, chromium, titanium and vanadium. 46/ For all these metals, South Africa is the largest or second largest producer in the world. It is estimated that the United States could suffer a loss of \$2 billion a year due to the loss of the strategic metal trade. 47/ In May 1988, the House Foreign Affairs Committee of the United States Congress approved a new bill that sought to end all United States investment in South Africa and to ban almost all trade except the trade in strategic metals.

57. South Africa, in turn, stockpiled high-technology items such as motors and transport equipment, digital computer units, aeroplanes, mechanical shovels, trucks, tractors and motor parts. 48/

58. In October 1986, the United States Government banned new public and private sector lending to South Africa except for trade-related loans. Although loans from the United States-based banks dropped sharply from \$4.5 billion (1984) to \$2.78 billion (1988), Citibank, one of the largest United States lenders to South Africa, decided to extend payment terms on the bulk of \$670 million in outstanding debt, deferring payment of past due principal until 1992 and allowing until 1997 for the balance to be paid off. 49/

United Kingdom

59. Despite measures adopted by the European Community banning the import from South Africa of krugerrand gold coins, iron and steel, computer equipment and petroleum, and repeated calls by the Commonwealth for expanded sanctions and a ban on government support and funding of trade missions, the Foreign Office of the United Kingdom has approved trade missions of the United Kingdom-South African

Trade Association. Addressing the Association in November 1987, the Minister of Trade, Mr. Alan Clark, urged continued business with South Africa and stated that trade with South Africa "held out new and exciting opportunities", and should be determined "by the commercial judgement of those engaged in it". 50/

60. The Chief Executive of the British Overseas Trade Board, Mr. David Dell, toured South Africa and held talks with United Kingdom diplomats and South African businessmen. The talks, which were held in Pretoria, Johannesburg, Cape Town and Durban from 5 to 12 February 1988, focused on ways to increase British exports in the face of competition from Europe and the Far East. Seven other trade missions from the United Kingdom to South Africa have also been reported. During the first nine months of 1988, the value of goods exported from the United Kingdom to South Africa rose to 800 million pounds sterling from 682 million pounds sterling during the same period in 1987, registering a 15 per cent increase. 51/

61. According to estimates of the Anglo American Corporation, South Africa experienced a decrease in coal earnings from R 3.2 billion (1986) to R 2.3 billion (1987), caused in particular by sanctions adopted by the United States, France and Denmark. But the overall fall in total shipments was held at 6 per cent, down to 42.6 million tons due to re-routing through alternative overseas outlets. South Africa is reported to export half a million tons of coal a year to the United Kingdom.

62. South African coal is reported to be off-loaded in Dutch ports and redistributed as Dutch coal within Europe, although the Netherlands stopped producing coal 20 years ago. In 1986, the United Kingdom bought 300,000 tons of South African coal, while it admitted to only 100,000 tons. Records at the Dutch Bureau of Statistics showed that 1.1 million tons of South African coal had been transshipped through Dutch ports in 1986. The coal sent to the United Kingdom was re-exported as a "Dutch blend" (of South African and Chinese coal) having an altered calorific value, disguising its origins. Imports of South African coal by the Netherlands rose from 200,000 tons in 1982 to almost 2 million tons in 1987. 52/

Other countries

63. The largest percentage increases in trade with South Africa during 1987 were recorded by Switzerland, Argentina, Turkey and Brazil. In value, the largest increases were recorded by Japan and Taiwan, Province of China. 53/

64. Taiwan, Province of China, increased its trade with South Africa from \$135 million (1985) to \$911 million (1987). That trade accounts for 2.6 per cent of total South African trade, with the expected value of the trade increasing to \$3 billion by 1990. Companies of Taiwan, Province of China, also have direct investments in 120 factories in South Africa's bantustans because of the availability of cheap labour. 54/

65. In November 1988, a group of Swiss banks and investors agreed to renew an existing SwF 70 million medium-term loan to South Africa, relieving it from repaying a loan which had become due. The renewal was arranged by the Union Bank

of Switzerland. The decision to renew the loan followed an address by the South African State President, Mr. P. W. Botha, to bank presidents in Zurich on his way back from the funeral of Bavarian Premier Franz Joseph Strauss in October 1988. 55/

66. Canada's trade with South Africa is reported to have increased during 1988, registering a 44 per cent increase in Canadian exports to South Africa and a 67 per cent increase in imports from South Africa. Furthermore, the Canadian Government approved a \$504 million (R 1.1 billion) loan to Minorco by the Bank of Nova Scotia (Canada). The loan was needed by Minorco, the overseas investing company of Anglo American, in its bid to take over the United Kingdom-based conglomerate Consolidated Gold Fields. 56/

South African investment abroad

67. Direct South African investment abroad is based on the attempt to establish foreign links most likely to be valuable in the event of further sanctions. Such outward investment is closely related to the development of South African export markets or the "strategic" protection of market links, since, owing to the prevailing international position, South Africa lacks the ability to borrow abroad with ease and is obliged to pay from current account surpluses.

68. Anglo American and its related companies top the list in investment in other countries. These include Minorco, the Oppenheimer group, San Lam, Old Mutual, Rembrandt, including De Beers, whose main United Kingdom operation is the Central Selling Organization (CSO), known to control 80 per cent of the world's diamond trade. Anglo American's investment in the United Kingdom is valued at \$1.8 billion. Several South African corporations, in particular De Beers have established companies on the Isle of Man and use the Manx free port. 57/

69. Minorco is leading in the move away from a South African base. The giant conglomerate at first moved to Bermuda, but its present headquarters is in Luxembourg. Two thirds of Minorco's shares are owned by Anglo American and De Beers. In 1981, its overseas assets were reported to be over \$2 billion, with assets in mining and trading conglomerates in several countries, including the United States and Brazil. 58/

70. In September 1988, Minorco launched a hostile bid for Consolidated Gold Fields (United Kingdom), the world's second largest gold concern, whose assets include the richest gold mines in the United States. Minorco's offering price was \$4.9 billion, judged to be the largest attempted takeover in British corporate history, signifying an enlarged control of the supply of gold, diamonds and strategic minerals to the Western world. 58/

71. The second largest South African company operating in the United Kingdom is Federale Volksbeleggings. Its main operating company is the General Mining Union Corporation (GENCOR) and its interests in the United Kingdom are held via Unilux SA (Lux), which owns GENCOR UK. GENCOR also has a nominee company, Unilon Nominees, which oversees GENCOR interests. This network has interests in North Sea oil and gas fields, platinum marketing, mineral trading outlets and high-technology companies. South African companies are reported to have recently made attempts to

buy assets in the electric industry in the United Kingdom. It was reported that top executives of Rand Mines and GENCOR visited the United Kingdom during May 1988 for that purpose. ^{59/} One of the first major takeovers of a United Kingdom company by a South African company was the acquisition by Barlow Rand of J. Bibby and Sons to ensure a stake in the international grain market. ^{60/}

Table 11. South Africa's foreign direct investment abroad,
reported by host countries, 1981-1987
(In millions)

	Brazil Stock (US dollars)	Federal Republic of Germany		United Kingdom		United States	
		Flow (deutsche mark)	Stock	Flow (pounds)	Stock	Flow (US dollars)	Stock
1981	5.0	2.6	10	139.5	472.8	0	16
1982	8.0	-0.1	8	67.7	-	-5.0	10
1983	8.0	-28.8	6	61.9	-	6.0	-28
1984	8.0	6.8	8	-	372.0	7.0	-25
1985	16.0	2.6	6	-	-	6.0	-12
1986		2.9	9	-10.0	-	84	72
1987	-	-	-	-	-	-3.0	68

Source: Banco Central do Brazil, Boletim Mensal, December 1986, and various issues; Federal Republic of Germany, monthly report of the Deutsche Bundesbank, various issues, and information supplied by the Ministry of Economics, Runderlass Aussenwirtschaft; United Kingdom, Business Monitor, MA4, Census of Overseas Assets, 1981, supplement; Overseas Transactions, 1984; information supplied by the Department of Trade and Industry, Statistics Division, and British Business, 11 March 1988; United States Department of Commerce, Survey of Current Business, various issues; United Nations Commission on Transnational Corporations, report of the Secretary-General of 14 February 1989 (E/C.10/1989/8), p. 10.

72. In addition to the above, South African business interests have been investing in the United Kingdom in a variety of businesses such as commodity trades, football pools, shipping companies, textile producers, high-technology enterprises and food outlets in a series of recent acquisitions. ^{60/} A recent study estimates South African investments in the United Kingdom at £2.7 billion, due to historical ties and the anti-sanctions stance of the United Kingdom Government. ^{60/}

73. South African companies, such as Anglo American and GENCOR, are reported to be investing heavily in Brazil's gold mines. Anglo American holds a 49 per cent stake in Brazil's two top mines, Morro Velco and Jacobina, which together produced half the gold mined in Brazil in 1986. An estimated \$800 million is to be invested between 1982 and 1992. Three fourths of this comes from companies in which South African interests are heavily represented. ^{61/}

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Supply and shipping of oil and petroleum products to South Africa

74. The vast majority of the world's oil producing States prohibit the export of petroleum to South Africa. It is estimated, however, that between 1978 and 1987 South Africa spent \$45 billion to circumvent the oil embargo: \$25 billion on the purchase of crude oil and \$20 billion to overcome the direct and indirect impact of the embargo. Transnational corporations such as British Petroleum (BP), Caltex, Mobil Oil, Shell and Total control a large part of international oil trading, processing and distribution. 62/ These oil companies all have subsidiaries in South Africa and are reported to be involved both in oil imports into South Africa and in assisting the apartheid régime in the development of several projects in the energy field, including the conversion of coal into liquid fuel, the development of plants at Mossel Bay for the conversion of offshore natural gas to liquid motor fuels, as well as in the development and exploitation of Namibia's offshore oil and natural gas deposits at Kudu.

75. All five corporations mentioned above own or co-own crude oil refineries and maintain extensive networks to distribute their oil products within South Africa. There are four large oil refineries in South Africa. As all figures with regard to the oil industry are considered a state secret, it is not known how many barrels of oil are processed by each of the refineries. However, it is likely that none of the plants produce at full capacity. The major oil companies receive payments from the South African State Central Energy Fund to compensate for this under-utilization of capacity. 63/

76. A number of companies based in the United Kingdom and the United States are reported to be involved in the development of several projects associated with Mossel Bay. These include Crawford and Russell International, Humphreys and Glasgow (a subsidiary of the United States-based Enserch Corporation) and Brown and Root (a subsidiary of the United States-based Halliburton Company); the British Davy Corporation, among others, is under contract to supply technology, skilled technicians and workers from the North Sea. 64/

77. Furthermore, Anglovaal, the South African mining group, has purchased a 29.9 per cent stake in North Sea and General - the oil-exploring trust which has also diversified into Australian gold. Anglovaal bought the 23.27 million shares from Apex, an Australian-controlled company which was the biggest shareholder of Anglovaal. 65/

78. The United Kingdom has not provided information to the Intergovernmental Group to Monitor the Supply and Shipping of Oil and Petroleum Products to South Africa established by the General Assembly by its resolution 41/35 F of 10 November 1986. The Government did not complete and return the questionnaire sent to Member States and explained that the United Kingdom did not support the establishment of the monitoring group and therefore did not consider it obligatory to provide information. 66/

79. Regarding the actual delivery of oil to South Africa, a large number of companies are involved. These are mainly based in the Federal Republic of Germany, Greece, Hong Kong, Liberia, Singapore, Switzerland, the United Kingdom and the United States. 67/ British Petroleum's South African subsidiary was cited as a

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direct importer of crude oil from the North Sea in April 1988. Another cargo of North Sea oil worth £7 million was shipped to South Africa via the Japanese company Sumitomo, which delivered 570,000 barrels from British Shell Oil. 68/

80. It should be noted that an important conduit of oil to South Africa was stopped with the passage and strict enforcement by Norway of the Act on the Economic Boycott against South Africa enacted in July 1987. Previously Norwegian shipping firms played a major role in supplying oil to South Africa, transporting up to 35 per cent of South Africa's crude oil imports up until July 1987. 69/ However, more recently, the World Wide Shipping Group of Hong Kong has become the major oil transporter to South Africa. 69/ Up to 80 and 90 per cent of oil delivered to South Africa at present is reported to have originated from the Persian Gulf countries. 70/

C. Contacts in the military and nuclear fields

81. The South African régime increased its military spending by 22.6 per cent to R 8.09 billion, as reflected in its budget of R 53,900 million for the fiscal year 1988/89. 71/ The ever increasing military expenditure by the régime reflects, among other things, the development of a large internal military-industrial complex which supplies a large part of its own needs and ensures sales on the international market to earn much needed foreign currency which in turn pays for the acquisition of substantial quantities of vital military equipment, components, spare parts and technical expertise from other countries.

82. South Africa claims to be among the world's top 10 arms exporters. Arms sales now account for South Africa's third largest export item after gold and coal. In 1987, the Armaments Corporation of South Africa (ARMSCOR) claimed to be the country's largest exporter of manufactured goods, selling weaponry worth \$900 million to 23 clients, with sales in 1988 expected to exceed R 3 billion or \$1.25 billion to 32 countries and clients. 72/

83. As reported previously, Israel and South Africa have been deeply involved in co-operation and collaboration in the acquisition of arms and armaments, weapons development, aircraft production and military training.

84. During 1987 and 1988, South Africa was reported to have actively sought to employ some 600 employees of the Israeli aircraft industry, which had decided to stop production on major projects such as the Lavi jet fighter and therefore had to lay off a large number of staff. The Israeli companies involved were Israeli Aircraft Industries, Rafael, Tadiran and Beth Shamesh Exgives. Israeli aeronautical engineers were reported to be working in South Africa since November 1987 on a scaled-down version of the Lavi and on upgrading additional Mirages into Cheetahs. 73/

85. South African war-planes were reported to have used Israeli electronic anti-missile weapons and Israel was reported to have helped South Africa to convert a Boeing airliner into an airborne electronic warfare centre to guide air strikes against Angola in exchange for G-5 155-mm howitzers capable of firing nuclear shells. 74/

86. Furthermore, Israeli military personnel were reported to be involved in training troops of União Nacional para a Independência Total de Angola (UNITA) and assisting the South African Defence Force (SADF) during its military attacks in the Cunene and Cuando Cubango provinces of Angola during 1988. Israeli technicians were reported to be involved in radar jamming, enabling the South African air force to bomb Lubango in southern Angola in late February 1988. Previous reports put the number of Israeli military advisers stationed in Namibia at 200. Israel's military personnel are reported to have been stationed in Namibia since 1973. It will be recalled that in 1981, Mr. Ariel Sharon, then Israeli Minister of Defence, visited troops in northern Namibia and southern Angola. 75/

87. South Africa's greatest difficulty in countering the international arms embargo has been in the purchase and development of advanced aircraft. The régime is reported to have begun production of small planes at the Ciskei Airport Industries facility at Bisko airport in early 1988. These small spotter aircraft are being produced using the technology, licence and plant of HB Aircraft Industries of Austria. 76/

88. In July 1988, South Africa placed orders to purchase a \$5 million radar tracking system manufactured in the Federal Republic of Germany by Messerschmidt (MBB) and purchased through British Aerospace. The South African company Somchem, a subsidiary of ARMSCOR, was invited to the annual international conference on propellants and explosives of the Fraunhofer Institute in the Federal Republic in June 1988. 77/ These infractions of the arms embargo followed revelations in 1987 that two shipbuilding firms of the Federal Republic, Howaldtswerke-Deutsche Werft (HDW) and Ingenieurkontor Lübeck, sold South Africa blueprints and plans for the production of the Type 209 diesel-electric submarine for about DM 46 million (about R 52 million or \$23 million). 78/

89. South Africa was officially invited to participate in the Feria Internacional de Aire (FIDA) arms exhibition held in Chile in March 1988, at which the régime displayed a large variety of its armaments. 79/

90. Regarding the possibility of importing South African and Namibian uranium into western Europe, particularly the Federal Republic of Germany and the United Kingdom, officials at the European Atomic Energy Community (EURATOM) stated during 1988 that a complex system of uranium swapping had developed in the nuclear power industry and that this might blunt the effect of sanctions since it was difficult to determine the country of origin. 80/ It may be noted that the measures adopted by the European Community ban only the export of nuclear materials to South Africa and not the import of South African uranium. 80/ British Nuclear Fuels (United Kingdom) continued to import and process uranium of South African and Namibian origin at its plant at Springfield (United Kingdom) and South African uranium hexafluoride is reported to have been stockpiled at Lingen and Bremerhaven (Federal Republic of Germany) for re-export to the United Kingdom. 81/

D. Cultural and sports contacts

91. During the period under review, in response to the deteriorating situation and heightened oppression in South Africa, many Governments, international, national and local sports associations, cultural organizations and individual artists have boycotted South Africa in the sports and cultural fields. International consensus has developed that a social, cultural and sports boycott was imperative as a supplementary means of assisting the struggle against the policies and actions of the apartheid régime.

92. Despite intensified international and national campaigns in the cultural field, however, artists and performers from a number of countries have chosen to perform in South Africa. A full account of cultural contacts with South Africa during the period under review is given in the "Register of Entertainers, Actors and Others Who Have Performed in Apartheid South Africa" of August 1988, compiled and published by the United Nations Special Committee against Apartheid.

93. During the past two years, there has been an increase in the production of feature and television films, film financing and distribution by foreign film companies, especially United States companies, operating in South Africa. According to Variety magazine of 20 June 1988, the following films have been made in South Africa and Namibia during the past two years: Going Bananas, American Ninja II, Journey to the Center of the Earth, Mercenary Fighters, Platoon Leader, Gor, Dragonard, Master of Dragonard Hill, Act of Piracy, Steel Dawn, Skeleton Coast, Murphy's Fault, Scavengers and Nukie. The companies involved in the production of these films were Cannon International, Toron Films, Shapiro-Glickenhauz Entertainment, Breton Films, Cue Films and Lars International Pictures. Also included in the list are the co-production of a 13-part television series entitled Bonne Espérance, co-produced by the Télécip Company (France) and the State controlled South African Broadcasting Company (SABC), in 1987; the broadcasting in several countries, in particular the United States and the United Kingdom, of the SABC production, Shaka-Zulu, as a 10-part series; and the filming in Namibia of Red Scorpion, based on the life of UNITA Chief Jonas Savimbi during 1987-1988. The latter film is a Monroe Production, produced by Mr. Jack Abramoff (United States), Dolph Lundgren (Sweden) as a leading star. The production of the film received the full co-operation of the South African régime, in particular SADF, which provided appropriate locations, military personnel and equipment. All the films mentioned above were individually and widely campaigned against by non-governmental organizations, resulting in several demonstrations and cancelled showings. 82/

94. Similarly, international and national campaigns in the area of sports have resulted in most Governments, international and national sports associations adopting a policy of not competing in South Africa or allowing teams and players from there to compete in international and national sports events. Moreover, several countries now ban sports personalities and teams of third countries that have played with their South African counterparts.

95. The South African régime has responded to its international isolation in the sports arena by making great efforts to lure overseas athletes by offering them

substantial sums in honorariums. It has been estimated that South Africa spends approximately \$100 million a year for sports promotion. South African companies and banks also fund such efforts by large amounts for which they are awarded tax rebates by the régime. 83/

96. Some sports contacts have taken place, however, particularly in cricket, rugby and football. A full account of sports contacts with South Africa is given in the latest consolidated list published by the Special Committee against Apartheid. 83/ The list includes sports exchanges with South Africa by types of sport and lists of players who have participated in sports events in South Africa, arranged by country.

IV. INTERNATIONAL CAMPAIGN FOR SANCTIONS AGAINST SOUTH AFRICA

97. Over the years, the General Assembly, the Security Council and other United Nations bodies have adopted many resolutions, some of which date back to the 1960s, specifying measures aimed at exerting pressure for the peaceful dismantling of apartheid in South Africa, the termination of its illegal occupation of Namibia and ending its policy of destabilization and military attacks against the neighbouring African States. The resolutions focused on measures against South Africa in several areas, particularly in the area of economic sanctions, as well as against military and nuclear collaboration.

98. Since 1984, national Governments, public bodies and even a large number of transnational corporations have been impelled to respond by adopting measures curtailing involvement with South Africa in the diplomatic, commercial and communications areas. Despite these efforts and concrete measures adopted and the pressure exerted by international public opinion, the Security Council, in March 1988, was once again unable to adopt selective mandatory sanctions against South Africa (measures similar to those adopted by the European Community) owing to the negative votes cast by the United Kingdom and the United States.

99. Since 1984, several countries, including nearly all the traditional trade partners of South Africa, have introduced a number of restrictive measures against the Pretoria régime either unilaterally or as members of regional and intergovernmental organizations. However, during the period under review, few significant new measures were taken against South Africa. Moreover, over the past two years it has become clear that the effectiveness of the measures adopted depended not only on the content and scope of applicability but also on strict monitoring and reporting systems, enforcement mechanisms and co-ordination of measures.

100. Measures adopted by the European Community include a ban on oil exports, computer equipment to the South African army and police and new investments including long-term loans to South Africa, and a ban on the import of krugerrands, iron and steel from South Africa. However, the European Community's measures leave implementation to its member Governments, resulting in a great deal of variation in policies and measures actually implemented among the States members of the Community.

101. The Commonwealth countries have banned the export of computers, oil and petroleum products, the granting of loans to South African governmental bodies and the import of krugerrands, iron and steel from South Africa. Furthermore, with the notable exception of the United Kingdom, the Commonwealth measures prohibit the import of coal, uranium and agricultural products from South Africa as well as double taxation agreements, new investments and government support of trade activities with South Africa.

102. During the period under review, with the exception of the United Kingdom, members of the Commonwealth have taken a strong position calling for, inter alia, the widening and intensification of economic sanctions and a co-ordinated programme of implementation as contained in the Okanagan Statement and Programme of Action adopted at the Commonwealth summit meeting at Vancouver in October 1987.

103. In response to the need for uniform and effective application of the measures adopted, the Commonwealth established in February 1988 the Commonwealth Committee of Foreign Ministers on Southern Africa to review the co-ordination and enforcement of the sanctions measures adopted. The Committee has undertaken studies on South Africa's trade, issuing periodic press releases containing up-to-date data and analysis and a comprehensive report of July 1988 entitled South Africa's Relationship with the International Financial System: Report of the Inter-Governmental Group. In August 1988, the Commonwealth Committee of Foreign Ministers met at Toronto, Canada and proposed, inter alia, a complete ban on trade credits to South Africa, a tightening of financial credits and debt rescheduling, the strict investigation of sanctions violations and an international ban on the import of South African coal.

104. The five Nordic States have imposed the following sanctions against South Africa: a total ban on all trade, new investments, air links and transport of oil on Nordic-registered ships; and cessation of financial services of most kinds, transfer of technology and long-term leasing of capital equipment. Furthermore, the Nordic countries have not only co-ordinated the adoption of the measures but have also kept the process of implementation under constant review, as reflected in the Revised Nordic Programme of Action against Apartheid adopted in March 1988.

105. The United States Congress during 1988 considered additional sanctions legislation aimed at filling loopholes in previous laws and adding several monitoring and enforcement measures. The proposed bill is to be reconsidered during 1989 and, if adopted without amendments, would sever almost all economic relations with South Africa.

Notes

- 1/ Who's Who of Southern Africa, 1987-1988 (Johannesburg, Argus Printing and Publishing Company, Ltd.), pp. 31-47.
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